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FIFTH COMMITTEE
30th meeting
held on
Tuesday, 19 November 1996
at 10 a.m.
New York

SUMMARY RECORD OF THE 30th MEETING

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| Chairman: | Mr. SENGWE | (Zimbabwe) |
| later : | Mr. STEIN (Vice-Chairman) | (Germany) |
| later : | Mr. SENGWE (Chairman) | (Zimbabwe) |

Chairman of the Advisory Committee on Administrative and Budgetary Questions : Mr. MSELLE

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The meeting was called to order at 10 a.m.

AGENDA ITEM 111 : FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/49/368, A/49/943, A/49/585, A/51/5 (Vols. I to IV), A/51/5/Add.1 to 10, A/51/283, A/51/488 and Add.1, A/51/523 and A/51/533; A/C.5/50/51)

1. Mr. REPASCH (United States of America) welcomed the reports issued by the Board of Auditors, which were comprehensive and provided an excellent overview of the finances and operations of the United Nations and its subsidiary organs. The United States attached great importance to the Board's external oversight function.

2. His delegation noted with concern, however, that the Board had issued qualified opinions on the financial statements of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the united Nations International Drug Control Programme (UNDCP), the United Nations Environment Programme (UNEP), United Nations peacekeeping operations and the United Nations Habitat and Human Settlements Foundation (UNHHSF). In most cases, its opinions had been qualified because of the lack of compliance with established regulations, particularly with regard to the submission of documentation. The United States requested that immediate measures should be taken to remedy that situation and was similarly concerned about the possibility of the Board rendering qualified opinions for the 1996/1997 budget cycle.

3. His delegation would welcome additional information on a number of points. It noted that the Board had continued to maintain close cooperation with the Office of Internal Oversight Services (OIOS) and would be interested in knowing the circumstances under which it had collaborated with the Joint Inspection Unit (JIU). It took note of the Board's recommendation that appropriate norms should be developed for the selection of consultants from a wider geographical base and would welcome additional information on how those norms could be developed and implemented. In the view of his delegation, consultancies should be arranged on their merits. In the light of the statement in the report that persistent staff shortages in the Audit and Management Consulting Division had led to restricted audit coverage, he wished to know whether the Board of Auditors believed that the authorized staffing level was appropriate to provide adequate audit coverage, and, if not, what was the appropriate level.

4. The issue of the term of office of members of the Board of Auditors was still unresolved. The United States had agreed with the proposed extension of the term from three to six years to allow members of the Board the opportunity to audit three complete budget cycles. It believed, however, that that goal should be accomplished by phasing in the new terms through the election process and not by extending the terms of existing Board members.

5. His delegation was disturbed by the fact that the Board's findings were hardly different from those contained in previous reports and called on management to take the necessary steps to hold programme managers responsible for implementing audit recommendations. It further proposed the inclusion of "progress made in implementing audit recommendations" as a component of each manager's expectations and performance evaluation.

6. His delegation was glad to see that one oversight body had evaluated another and that, even though the results gave rise to some concern, particularly the shortage of resources, the Office of Internal Oversight Services had cooperated fully with the Board of Auditors and had agreed to implement its recommendations, thereby setting an example for the rest of the Organization to follow.

7. Among its numerous observations concerning volume I of the report (A/51/5), his delegation had been particularly struck by paragraph 57, which drew attention to the lack of effective budgetary control in regard to trust funds; paragraph 88, which indicated that the Procurement and Transportation Division still had not developed a system for maintaining necessary data on procurement cases which had been exempted from the bidding process; paragraph 127, which noted that, despite the losses it had suffered, the United Nations Postal Administration (UNPA) had not yet devised an appropriate marketing strategy; paragraph 185, in which the Board pointed out that, despite the Organization's limited resources, the Department for Development Support and Management Services had paid consultants fees that were more than a third higher that those paid by comparable organizations; paragraph 158, which indicated that no system of oversight had been developed to determine whether consultants had achieved the objectives set; paragraph 135, which indicated that, even though the Optical Disk Project had already spent 96 per cent of its allotment, the targeted outputs, in terms of user coverage, had not been achieved; paragraph 148, which pointed out that the Administration had not developed an adequate system for the purpose of controlling the cost of conference services; and paragraph 190, which dealt with the Board's concerns over lump-sum travel reimbursements. In that connection, the delegation of the United States was awaiting the results of the examination of United Nations travel policies being conducted by the Office of Internal Oversight Services.

8. In short, there were still many areas in which the Secretariat should increase its efforts to make its activities more efficient and economical. His delegation hoped that the Secretariat would implement the Board's recommendations in a timely manner.

9. Mr. CHOWDHURY (Bangladesh) urged the Secretariat to transmit the reports of the Board of Auditors to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in time for the latter to examine them in accordance with financial regulation 12.11.

10. Underscoring the importance of the audit at a time when the optimal use of resources had become essential, he observed that the "horizontal" audits had shown the inadequacy of internal audit in many United Nations funds and programmes and called for corrective action to be taken. Although the Audit Operations Committee of the Board of Auditors had established a continuing dialogue with the management of organizations, OIOS, JIU and the Advisory Committee, he would like to see a more coordinated process of consultations and information sharing among the Board, OIOS and the Secretariat. He agreed with ACABQ that the Board's findings should be considered collectively by the secretariats concerned, preferably in the Advisory Committee on Coordination. The Board of Auditors should offer precise guidelines on measures to be taken to implement recommendations which were awaiting implementation, and follow-up arrangements should be in place in the Secretariat and in the funds and

programmes. The question of the extension of the term of office of the Board members required careful evaluation, bearing in mind the principles of rotation, efficiency and the duration of the budget cycles.

11. He pointed out that ACABQ had given a qualified opinion regarding UNDP, UNFPA, UNEP owing to their long-standing problems relating, in particular, to the failure of executing agencies to comply with project agreements. The fact that expenditures exceeded real income, as was the case for the United Nations Children's Fund (UNICEF), was unacceptable to his delegation. It was also essential for the funds and programmes to streamline the process of selecting executing agencies with a view to improving the assessment of their implementation capacity and establish control measures such as requiring the agencies to submit standard reports. UNDP, in consultation with its Governing council, should take immediate steps to improve national execution modalities. UNDP and UNICEF should place greater emphasis on the control of contract payments and on internal audit. UNICEF also should strive to enhance transparency and accountability with regard to advances to Governments.

12. Although there had been some improvements regarding budgetary control and internal audit, the Board of Auditors had pointed out several instances of unauthorized overexpenditures by the United Nations University, the Office of the United Nations High Commissioner for Refugees (UNHCR) and UNEP, irregularities in budget estimation and programming and inadequate control over trust funds. Accordingly, the overall procedures for budgeting in those bodies should be reviewed immediately.

13. It was equally urgent to reform the procurement procedures of the Secretariat, particularly in view of the abusive practice of approving contracts on an ex post facto basis, the failure to respect the recommendation concerning the establishment of a vendor roster from a wider geographical base and numerous violations of the rules regarding letters of assist and the purchasing of equipment for peacekeeping operations. His delegation agreed with the Board regarding the lack of planning and believed that the Secretariat should ensure that the staff concerned were held personally accountable for losses and mismanagement.

14. As a major provider of troops for peacekeeping missions, Bangladesh was particularly interested in the liquidation of those missions. In its view, the transfer of property from a completed mission to an ongoing mission without a thorough assessment of the needs of the latter was a waste of resources. The delays involved and the lack of rigourous procedures regarding the liquidation of operations already had cost Member States millions of dollars. His delegation fully endorsed the Board of Auditors' recommendation that peacekeeping missions should be liquidated within a specified time-frame. The Secretariat should spare no effort to improve performance and inventory control and should avoid wasteful expenditures. Lastly, host Governments should conclude "status-of-forces" agreements and abide by the obligations therein.

15. As to the recruitment of consultants, measures must be taken to rectify the anomalies identified by the board. It truly was difficult to accept that the remuneration paid to consultants was 35 per cent higher than that paid by comparable organizations and that nearly 80 per cent of the consultants were from developed countries. Consideration of a sole candidate for appointment

should be discouraged and procedures to broaden the geographical base for recruitment should be introduced. The Secretariat should submit a detailed biennial report on the use of consultants and should use them only where absolutely necessary.

16. Mr. FARID (Saudi Arabia) noted that in its report (A/51/533), the Advisory Committee on Administrative and Budgetary Questions requested that in future the Board of Auditors should indicate more clearly those recommendations that had not been implemented and point out with greater precision recurring malpractices and violations of rules and regulations. Indeed, his delegation was deeply concerned at the seriousness of some of the malpractices to which the Board of Auditors had referred in its preceding report on the biennium ended 31 December 1993, which had not yet been remedied. It endorsed the observations concerning internal audit contained in paragraph 19 of the Advisory Committee's report and, in particular, that the audit function in funds and programmes required greater attention, that necessary staff resources should be provided and that there was a need to increase audit planning and to develop a mechanism to follow the implementation of recommendations.

17. If the fundamental weaknesses and irregularities pointed out by the Board of Auditors continued, funds provided by Member States ultimately would be misused. With regard to UNDP, UNFPA, UNDCP and UNEP, the Board of Auditors had been unable to obtain audit documents from Governments and non-governmental organizations to prove that the sums advanced had been spent for the intended purposes. UNDP, which received $3.5 million annually from Saudi Arabia, had paid $39.3 million to contractors for construction contracts, which sum had been certified on the basis of an architect's certificated, without adequate, independent supporting documents. Additionally, for four contracts amounting in total to $1.28 million, the Programme had paid the architect some $3.8 million on the basis of a percentage of the actual construction costs, rather than a percentage of the contracted costs as provided in the contract.

18. The Board of Auditors also had noted a breakdown of internal controls in UNICEF, arising from non-adherence to established financial procedures relating to procurement, recruitment and disbursements. Obvious symptoms of mismanagement either had been ignored or not effectively followed up by UNICEF headquarters.

19. Furthermore, UNICEF had included in the contributions receivable an amount of $14.1 million that had remained unpaid for 5 to 10 years and had not made provision for the amount of doubtful receivables. Furthermore, it recorded cash assistance to Governments as programme expenditure at the time funds were advanced, which was not consistent with the financial regulations. Lastly, its income projections for supplementary programmes had been overly optimistic. His delegation agreed with the Board of Auditors that UNICEF should review the basis for allocating general resources to country programmes in order to take into account recent significant changes in under five mortality rates and child population statistics. Saudi Arabia, which contributed $1 million to UNICEF annually, along with various donations, believed that it was necessary to implement the recommendations of the Board of Auditors, in particular those contained in paragraph 8 of the annex to document A/52/283, and that UNICEF should transmit a detailed report every six months on the measures adopted to remedy the current situation.

20. The Advisory Committee, in paragraph 57 of its report, observed that inventory management remained a problem, and recalled that, in his report on the management of peacekeeping assets (A/50/965, para. 2), the Secretary-General had stated that the Secretariat was developing an assets management system. His delegation concurred with the Advisory Committee that the system should be established as early as possible. Periodic reports on the status of the project should be submitted to the General Assembly, together with detailed reports on the steps taken by organizations to rectify failings in their internal audit systems, some of which were due to a lack of personnel.

21. Although his delegation did not participated directly in the activities of the Office of the United Nations High Commissioner for Refugees (UNHCR), it was very concerned by the Board's comment that, in several cases, programme planning had been deficient on account of inaccurate estimates of availability of funds and of the number of refugees and their needs. In that regard it should be recalled that, since the end of the Gulf war, Saudi Arabia had taken in a large number of Iraqi refugees, for whom it had built an entire town, which cost it $18 million per month. He supported the proposal by UNHCR regarding the presentation by its implementing partners of audited accounts (A/51/533, annex).

22. The Advisory Committee, in paragraph 21 of its report, emphasized the persistent problem of lack of effective procurement planning, with unnecessary recourse to exceptions to competitive bidding. In view of the large amounts of resources expended for procurement and the irregularities uncovered, his delegation endorsed the Advisory Committee's recommendation that procurement reform should be given top priority in the United Nations and its funds and programmes.

23. As indicated in paragraph 25 of the summary of the Board's findings, there had been insufficient use of expertise in procurement planning in eight peacekeeping missions. Some missions had paid for aircraft services not utilized, assessed at $2.4 million in the case of UNAVEM and at $400,000 in the case of UNOMIL. His delegation trusted that the various shortcomings and irregularities noted by the Board of Auditors would quickly be rectified.

24. Mr. WANG Yuhui (China) said that his delegation agreed with the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions, as well as those of the Board of Auditors; they provided a sound basis for discussion of the problems posed by the financial management of the Organization.

25. The Organization had suffered significant losses as a result of serious deficiencies in procurement practice, the management and use of resources and the engagement of consultants. Concerning procurement, a range of problems had been identified, including an absence of procurement planning and internal control, departures from normal procedures, particularly relating to competitive bidding, ex post facto approval of contracts (57 per cent of those reviewed) and the narrow geographical base of suppliers. Most suppliers were based in Europe and the American continent, and almost half of them were from one Member State. That situation had not arisen by chance. The Organization had been made to be dependent on a very limited number of suppliers; thus being incapable of taking effective measures against them, it was unable to obtain compensation in the

event of breach of contract, and failed to benefit from the best prices. Procurement reform was an absolute priority.

26. With regard to management of the Organization's resources and assets, errors in decision-making, lack of accountability and problems in the delegation of authority, misconduct and the lack of professional knowledge had caused financial losses. Given the limited resources available, that situation was unacceptable, and the Secretariat should not only punish those responsible but also strengthen monitoring mechanisms and, learning from experience, hold accountable those management personnel involved.

27. During the biennium 1994-1995, consultancy services had cost some $25 million. The situation was all the more disquieting in that serious irregularities concerning terms of reference, remuneration and evaluation of consultants' work had been identified. In addition, there was a serious geographical imbalance, since 80 per cent of consultants engaged by United Nations Headquarters had been from 12 developed countries. As the Advisory Committee recommended, balance must be restored; in that connection qualified experts from developing countries must be placed on the same footing as their counterparts in developed countries. In view of the irregularities identified, the question arose of whether the use of consultants really contributed to the effective implementation of the programmes of the Organization and of whether resources were being rationally used.

28. The expansion of United Nations peacekeeping operations seemed to have posed a whole series of problems relating to the use of resources and assets management. Together with procurement reform, there was a need not only to strengthen control procedures before payments were made to suppliers, inventory control and evaluation of the assets of liquidating missions, but also to eliminate overpayments on contracts and the transfer of unserviceable equipment.

29. Neither the quality nor the utility of the work of the United Nations and its agencies were denied by the identification of such problems. Nevertheless, they must be corrected. Unfortunately, the Board of Auditors had stated that in many cases problems identified in previous audits persisted. It was to be hoped that that would no longer be true in future, and that the necessary measures to ensure the sound management of the Organization's resources would be taken.

30. He noted with satisfaction the progress made in applying common accounting standards. He agreed with the Board of Auditors that United Nations organs should fully comply with those standards in their budget performance reports and in the financial statements to be submitted for the next biennium. Lastly, his delegation was interested in the question of the accounting treatment of delayed contributions, and believed that proposals in that regard should be considered by the General Assembly.

31. Mr. Stein (Germany), Vice-Chairman, took the Chair.

32. Mr. HANSON (Canada), speaking on behalf of Australia and New Zealand, in addition to his own delegation, said that all the recommendations made by the Board of Auditors deserved close attention; he expected the Secretariat to act expeditiously in implementing corrective action. Organizations had generally complied with the common accounting standards, but further work needed to be

done in certain areas. His delegation was pleased with the increase in audit coverage of peacekeeping operations, given the level of risk associated with such operations in their start-up and close-out phases.

33. It was regrettable, however, that the number of qualified audit opinions had increased from four in 1992-1993 to six in 1994-1995. Of particular concern were the United Nations Habitat and Human Settlements Foundation, where income had been overstated and separate trust fund accounts for Habitat II had not been maintained, as required by mandate, and the peacekeeping operations, where no provision had been made for contributions receivable, some of which had long been outstanding. A decision to designate any part of those unpaid contributions as uncollectable would be more than a matter of accountancy, it could be highly political. Nevertheless, the question should be addressed, since Member States could not close their eyes to the non-payment of significant amounts of assessed contributions. The decrease in the Organization's liquidity, to be discussed under agenda item 115, was also worrisome.

34. Performance on procurement had not greatly improved, as was apparent from the most recent reports of the Board of Auditors, which had identified such failings as rare use of tendering, approval after the fact of contracts above $500,000, lack of procurement expertise in peacekeeping missions, non-adherence to the Organization's rules and procedures in administering letters of assist, and overpayment of contracts. When the bidding process was circumvented, fairness, transparency and value for money were at stake. When the Committee on Contracts reviewed and approved contracts after the fact, its role was seriously compromised and control of the process was not effective. Training programmes should be expanded; the suspension of training due to financial constraints would increase the risk of losses. In view of the amounts involved and the recurrent problems experienced, reform of procurement and administration of contracts should continue to be a priority.

35. He noted with concern that it would take two years to complete the liquidation of the United Nations Operation in Mozambique (ONUMOZ). He hoped that the establishment of a coordination post within the Field Administration and Logistics Division would help to complete the liquidation of peacekeeping missions in a shorter time-frame.

36. Wide discrepancies had been reported between transfers and acknowledgments of non-expendable property. Those discrepancies must be investigated, explanations found and adjustments made. Standard procedures should be adhered to. Before assets were transferred from a liquidating mission, inventory and evaluation of assets should be carried out, so that costs associated with the transport, repair and storage of unserviceable and unneeded equipment could be avoided, and residual assets disposed of in the most cost-effective manner. As the Board had recommended, a list of surplus equipment from liquidating missions should be circulated to all other missions; decisions on retaining a strategic stockpile at the Brindisi Logistics Base should be taken centrally, with due regard for cost-effectiveness. The matter could best be considered when developing an overall policy on the management of peacekeeping assets.

37. With regard to consultants, the report of the Board of Auditors gave indications of mismanagement. Imprecise terms of reference made it difficult to monitor execution of contracts, 80 per cent of consultants were from

12 developed countries, and, in many cases, only one candidate had been considered. Further, the level of remuneration had been 30 to 35 per cent higher than that paid by comparable organizations. Since such problems had arisen in the past, the Secretariat should resume its practice of reporting regularly to the General Assembly on the hiring of consultants.

38. Overall budgetary control showed improvement, with the exception of trust funds. Expenditures had been incurred without allotments, regular budget funds had been used to bridge-fund extrabudgetary activities, and wide variances between appropriations, allotments and actual expenditures had been reported. He hoped that appropriate steps would be taken to ensure the proper management of trust funds.

39. Self-evaluation of subprogrammes was an important management tool, particularly in a period of budgetary constraint. As recommended by the Board of Auditors, the Central Evaluation Unit should ensure better coverage by self-evaluations, monitor the conduct of self-evaluations by departments and offices and take appropriate measures to improve their awareness of their usefulness. The Unit should report through the Secretary-General, to the General Assembly at its fifty-second session.

40. He encouraged the Secretariat to monitor closely the performance of the United Nations Postal Administration, which in 1994-1995 had posted a loss of $2.4 million. Although sales and personnel costs had increased, income had decreased. There was no need to reiterate that the loss was being borne by Member States.

41. As at 31 December 1995, unliquidated travel advances at UNICEF had amounted to $3 million, including $2 million outstanding for more than a year. Travel advances should not be treated as permanent interest-free loans; UNICEF should ensure strict adherence to the rules to avoid abuses.

42. The United Nations Habitat and Human Settlements Foundation had awarded a fund-raising contract to a consultant, at a cost of $209,498, which had yielded only $30,000. The same consultant, a retired United Nations staff member, had later been hired through a consulting firm, as a media adviser, and had been paid $12,000 per month for a period of 13 months. As the Board of Auditors had noted, the initial contract had not resulted in value for money, and the second virtually amounted to circumventing the rules on employment of retirees. The Administration had yet to provide a satisfactory response, and should provide an assurance that such situations would not recur.

43. The term of office of Board members should be extended to six years so as to equal three budget periods. External audit functions were an essential part of the oversight mechanism; in order to be most effective, they should be kept separate and distinct from internal oversight functions.

AGENDA ITEM 117 : ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED INSTITUTIONS AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (A/51/505 and A/51/523)

44. Mr. GILPI (Department of Administration and Management) introduced the statistical report by the Administrative Committee on Coordination (ACC) (A/51/505). The report was an information document, not requiring any decision.

45. Document A/51/523, on common accounting standards, had been prepared pursuant to General Assembly resolution 48/216 C. An annex to the report contained a revision of the standards. It had been considered under agenda item 111. The related comments of the Board of Auditors and of the Advisory Committee on Administrative and Budgetary Questions appeared in paragraph 47 of document A/51/5 (vol. I) and paragraph 6 of document A/52/283, and paragraphs 129 to 134 of document A/51/533, respectively. The Consultative Committee on Administrative Questions (Financial and Budgetary Questions) would continue to work on certain aspects of the standards, in cooperation with the Panel of External Auditors. The General Assembly was invited to take note of the common standards and of the intention of organizations to implement and further develop them.

AGENDA ITEM 141 : REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/945, A/50/1004, A/50/1005, A/51/302, A/51/305, A/51/432, A/51/467, A/51/486 and A/51/430 and Corr.1)

46. Mr. HANSON (Canada), speaking on behalf of his own country, Australia and New Zealand, welcomed the continued support of the Secretary-General for the Office of Internal Oversight Services, as demonstrated by his endorsement of the Office's recommendations without exception. That support was particularly important in view of the difficulties still experienced by the Office in gaining acceptance. The Office had rightly affirmed that the benefit of oversight was not only in the formulation of recommendations but also, and above all, in their implementation. A growing number of recommendations were being implemented. As a result of the Office's initiatives, more than $18 million in savings had been identified and $15 million had been recovered or prevented from being overpaid.

47. Concerning the request for additional resources formulated by the Under-Secretary-General for Internal Oversight Services, he stressed that the Office must be subject to the same resource constraints as the rest of the Organization. However, a sufficient amount should be allocated for travel since, in order for the Office to be effective, its personnel must be in the filed.

48. The follow-up by the Office of Internal Oversight Services to the report of the High-level Group of Experts on Procurement had revealed problems concerning pre-solicitation, contracting and contract administration; the Secretariat's failure to resolve those problems gave cause for concern. While it was true that the nature of the Organization's operations made risks and uncertainties inevitable no matter how effective the controls were, in that particular case, there were major deficiencies which had significant financial repercussions. Procurement procedures must be open and transparent, and managers must be held accountable for their actions, learn from their mistakes, set up effective

internal controls and conduct evaluations. Lastly, qualified and knowledgeable persons must be responsible for procurement. The Office of Internal Oversight Services should continue to monitor closely the reform of procurement procedures.

49. The establishment of a Lessons Learned Unit within the Department of Peacekeeping Operations was a welcome development; it was to be hoped that the initiative would yield results. However, the review of the management structure in the civilian staff component of the United Nations Peace Forces was somewhat disturbing; deficiencies had been found in a number of areas, particularly planning and internal controls while measures had been taken to correct the situation, progress was not sufficient in the area of internal controls. In view of the importance of internal controls, particularly at the early stage of peacekeeping missions, it was to be hoped that the recommendation of the Office of Internal Oversight Services and the recommendations formulated by the Board of Auditors concerning liquidation of peacekeeping operations would be taken into account in future missions. The reaction of some missions to the Office's recommendations was at times disturbing: for example, since the United Nations Mission of Observers in Tajikistan had not immediately taken the recommended measures, the Organization had apparently incurred additional losses of $300,000 in excess payments. The United Nations Iraq-Kuwait Observation Mission should also recover overpayments. Managers must be held accountable for losses incurred due to their mismanagement.

50. Turning to humanitarian activities, he said that many weaknesses had been identified in the financial controls of implementing partners, whose activities apparently could not be effectively monitored by the overseas offices of the United Nations High Commissioner for Refugees. Thus, certain implementing partners had charged exorbitant administrative costs and could not account for substantial project expenditures. He encouraged the High Commissioner, who had begun to take measures, to continue implementing the Office's recommendations. Moreover, he noted that the Office had made positive comments concerning the management and administrative practices of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Despite the difficult conditions prevailing in the region, the Agency continued its activities thanks to the "commitment and dedication of its staff".

51. Concerning the establishment of new bodies, it was to be hoped that the Office's efforts would help to avoid a repetition of what had happened with the International tribunal for the Former Yugoslavia, where guards had been engaged for more than six months before the arrival of the first detainee.

52. The report on the investigation of alleged misappropriation of United Nations assets at the United Nations Gift Centre was disturbing; updated information on that incident would be welcome.

53. Mr. CHOWDHURY (Bangladesh) said that his delegation supported the views of the Group of 77 and China on agenda item 141. A strong internal oversight system was more essential than ever, but it could only be an effective management tool if the recommendations formulated were fully implemented in a timely fashion. To that end, the Secretariat should adopt a set of internal control standards at the earliest possible date; the Office noted their absence with regret in paragraph 93 of its report.

54. The efforts of the Office to coordinate its programme of work with that of the Board of Auditors and the Joint Inspection Unit were welcome. The activities of oversight bodies should be complementary, but, in order to avoid any confusion between the respective roles of those bodies, it would probably be useful to review their terms of reference and their working arrangements.

55. In its report on the audit of procurement in the Department for Development Support and Management Services (A/50/945), the Office identified a number of basic problems concerning procurement and contracting policy guidelines and inventory control. His delegation wished to be assured that measures had been taken to strengthen the planning and control of procurement and to improve cost-effectiveness. It noted with concern that nothing had been done to achieve greater geographical diversity among suppliers and urged that all United Nations agencies should respect General Assembly resolution 2688 (XXV). The question of procurement must remain a priority for the Office of Internal Oversight Services as long as the reform process continued.

56. The reading of the report issued following the investigation of alleged misappropriation of United Nations assets at the United Nations Gift Centre at Headquarters (A/50/1004) raised a number of questions. How could the Secretariat have accepted the fact that the Gift Centre's receipts had been declining since January 1992 without feeling concerned about the quality of management and the fact that the General Manager was systematically violating the Organization's Financial Regulations and Rules? Had proceedings been initiated against the General Manager and, if the Secretariat had not done so, why not?

57. As a result of the review of the management structure in the civilian staff component of the United Nations Peace Forces (A/51/305), deficiencies had been detected in the organization of operations and in financial management. On the basis of the lessons learned from such an audit, it should be possible to streamline the entire planning and management network of peacekeeping operations. In that connection, the Secretariat should not fail to take into account the findings and recommendations of the Office of Internal Oversight Services.

58. He was pleased to note that OIOS had been extremely active and had put forward some interesting ideas on the programming and budgeting process. His delegation, however, would appreciate information on the criteria applied for identifying those issues which required an inspection rather than an investigation and on the methods of work in both cases. It would also like to receive clarifications regarding the management improvement functions of OIOS, which presumably fell within the responsibility of the Audit and Management Consulting Division.

59. He hoped that the current restructuring of the Centre for Human Rights could be implemented as rapidly as possible and that, as recommended by OIOS, a system of programme oversight would be established within that framework.

60. As OIOS was a potential instrument for upholding the public image of the United Nations and enhancing efficient management, his delegation encouraged it to assume more proactive and result-oriented role.

61. Mr. SINGWE (Zimbabwe) resumed the Chair.

62. Mr. DEINEKO (Russian Federation) supported the four priority areas identified by OIOS, including preliminary assessment and planning of new missions and bodies, as well as peacekeeping operations oversight. In that context, he drew attention to several OIOS reports, in particular the review of the management structure in the civilian staff component of the United Nations Peace Forces (UNPF). The conclusions of that review were of substantial interest for the further planning and efficient management of new missions, as well as for the management of ongoing peacekeeping operations, for which internal control mechanisms should be established at an early stage. The clear and specific recommendations contained in the report should be translated into directives, manuals and standardized operational procedures. It was unclear, however, why such an exercise had not been carried out earlier, given that the United Nations had been conducting peacekeeping operations for some 40 years.

63. For an organization to function effectively, proper implementation of recommendations aimed at improving its activities was of paramount importance. In that connection, his delegation welcomed the fact that the majority of programme managers had begun to accept OIOS observations. That confirmed that OIOS was gradually finding its place and that understanding of its role as an independent and efficient internal oversight body was increasing.

64. While his delegation welcomed the information contained in the OIOS report concerning cost savings recommended and amounts recovered, he recalled that, in 1994, it had requested OIOS to monitor the recovery by the Organization of improperly spent resources amounting to over $10 million. Since the report failed to provide an answer on that point, his delegation hoped that the Secretariat would clarify the situation.

65. Information concerning numerous cases of fraud, abuse of authority, waste of resources and even forgery of official documents should be treated with great seriousness. The Administration apparently failed to pay due attention to the issue of the personal liability of the staff. Moreover, there were obvious gaps in the procurement planning activities, while control over field procurement was insufficient. There was also room for improvement of the transportation system in peacekeeping operations.

66. His delegation was disappointed with the outcome of the investigation into the Access Control System project and questioned the usefulness of diverting human and material resources from OIOS to resolve a problem which already had a known solution. It was also concerned to read in the report of the resistance within the United Nations Secretariat to the eventual introduction of an access control system.

67. His delegation welcomed the cooperation and coordination between OIOS and the Board of Auditors and the Joint Inspection Unit (JIU), which was not just a duplication of functions. It also welcomed the interaction between OIOS and JIU concerning the practice of outsourcing. In the context of such activities, it was essential to give careful consideration to the purpose and cost-effectiveness of setting up joint administrative and conference services in places where several United Nations and other international organizations were located.

68. Mrs. RODRIGUEZ-ABASCAL (Cuba) said that her delegation fully associated itself with the views expressed by the representative of Costa Rica on behalf of the Group of 77 and China. It encouraged OIOS to pursue the action undertaken in accordance with General Assembly resolution 48/218 B with a view to improving the implementation of programmes adopted by the legislative bodies and enhancing the efficiency of the United Nations. It hoped that OIOS would provide the necessary support to programme managers and encourage them to increase their use of self-evaluation, a practice which, according to paragraphs 269 to 273 of the report of the Board of Auditors, had been largely neglected. Generally speaking, OIOS should take more active measures to avoid such gaps.

69. Clarifying her delegation's position on the question of reform, she said that it shared the concern expressed by JIU in paragraph 49 of its report concerning the risks associated with a process of ongoing reorganization. She welcomed the practical measures taken to strengthen cooperation between OIOS and the external oversight bodies, namely JIU and the Board of Auditors. In that connection, she wondered why the Board of Auditors had not submitted its views on the OIOS reports in accordance with General Assembly resolution 48/218 B.

70. Her delegation was surprised that the report of the Secretary-General on the activities of the Office of Internal Oversight Services A/51/432) should include a preface. As for the degree of priority given to activities, it believed that it was inappropriate for the Secretariat to revert in the report to proposals which had been rejected by Member States. The requests for additional resources which the Under-Secretary General for Internal Oversight Services intended to submit for the following biennium should be examined on the basis of the priorities set by the General Assembly and the need to strengthen monitoring, internal audit, inspection and evaluation. According to paragraph 3 of the report, programme managers were required to implement final OIOS recommendations fully and to report quarterly on the status of implementation. Her delegation wished to know how that provision was linked with those contained in General Assembly resolution 48/218 B concerning the implementation of recommendations, as well as the position of programme managers in that respect.

71. According to paragraph 4 of the report, the Secretary-General had decided that each department should designate a reference person to assist in coordinating oversight-related activities. As no such post had been approved in the proposed programme budget, her delegation wished to know how many staff members would assume that function, what their status would be, and -- unless they occupied a new post, which the Secretariat should indicate -- how they would reconcile that new function with their normal job descriptions.

72. With regard to the priority areas for oversight identified by OIOS, including problems in establishing new bodies, she stressed that the establishment of bodies was a prerogative of Member States and that OIOS should confine itself, as appropriate, to considering their management procedures.

73. Her delegation wondered whether the reports of the Office of Internal Oversight Services had been considered under the relevant item of the agenda, as had been decided by the General Assembly in paragraph 2 of its resolution 50/239. In the light of the provisions of paragraph 3 of that resolution and paragraphs 1, 2 and 3 of the annex to document A/51/530, it appeared that the Assembly was unable to consider the reports on which the Joint Inspection Unit

had yet to comment because they had not been issued in time. Her delegation noted with surprise that concrete measures had already been taken by the executive boards of the funds and programmes mentioned in paragraph 11 of resolution 48/218 B, and it requested the Secretariat to provide information on the state of preparation of the report that the Assembly had requested the Secretary-General to submit to it on the matter and on what the legislative organs of the bodies concerned had decided.

74. Her delegation would also like to know what initiatives had been taken to ascertain that programme managers were implementing the recommendations approved by external oversight bodies, as required by paragraph 5 (c) (ii) of resolution 48/218 B.

75. In paragraph 8 of document A/51/432, the Secretariat had given $15.8 million as the cost savings and recoveries resulting from the actions of the Office. Her delegation would like to know if those figures had been calculated by OIOS or by the Office of the Controller and how the savings would appear in the revised appropriations for the 1996-1997 biennium.

76. The Secretariat should provide delegations with additional information on the functions of the Investigations Section and particularly on the criteria used to decide which complaints would lead to an inquiry. It should clarify whether the Section acted only on the basis of complaints or whether it also undertook investigations on it sown initiative. The inquiry into the seminars organized by the Committee of Twenty-four had been surprising, as were the explanations provided by OIOS in paragraph 3 of its report on the matter (A/51/486, annex), and it was particularly worrying that the inquiry had been undertaken on the basis of a complaint. The Secretariat should state whether the Committee of Twenty-four had been informed of the problem and, if so, what it had decided. It should stressed in that regard that the mandate of CIOS did not extend to Member States or their representatives.

77. While her delegation reserved the right to address the matter of the thematic reports at the appropriate time, it wished to take the present opportunity to express its dissatisfaction at the results of the audit of the United Nations Access Control System project. The Joint Inspection Unit should, without further delay, initiate the investigations it had deferred while awaiting the outcome of the Office's endeavours.

78. Mr. ODAGA-JALOMAYO (Uganda), associating himself with the observations made by the representative of Costa Rica on behalf of the Group of 77 and China, sought clarification on a number of points, particularly the staffing of the Office of Internal Oversight Services.

79. According to the job descriptions given in vacancy announcements, candidates should have experience in the field of law enforcement. For those delegations that had participated in framing the mandate of the Office, such a requirement was to say the least troubling. Since it was intended to protect the property of the Organization, the Office was principally required to exercise auditing functions rather than to conduct inquiries into criminal actions, which would normally be a police activity. The Under-Secretary-General

for Internal Oversight Services should provide explanations on that score and indicate how he envisaged the auditing and investigation functions.

80. When it created the Office of Internal Oversight Services, the General Assembly had sought to protect staff members who called attention to wrongdoing from possible reprisals. The Under-Secretary-General should indicate whether inspectors had been refused promotion after investigating cases of fraud, mismanagement and abuse of power.

81. Member States needed certain information in order to consider the Under-Secretary-General's request for additional posts. Information was required on the number of inspection posts occupied by fully qualified persons together with the nationality and grade of the staff members concerned.

82. The press had recently reported cases of wrongdoing, embezzlement of funds and mismanagement of resources in Arusha and in Geneva. In the case of Arusha, the names of the staff members involved had been disclosed. On the other hand, it seemed that considerable pressure had been brought to bear to suppress information on the case in Geneva. The Under-Secretary-General should indicate what measures had been taken by the Office to investigate the two cases and what recommendations it had made.

ORGANIZATION OF WORK

83. The Chairman said that he had received a communication from the President of the United Nations Staff Committee asking to be allowed to address the Fifth Committee on agenda item 120 (Human resources management). He recalled in that connection that the Committee had decided to keep the item under review so as to consider the communication from the Sixth Committee regarding the legal implications of the reform of the internal system of justice of the Secretariat (A/C.6/51/7, annex) and the report of the Joint Inspection Unit on recruitment.

84. He had also received a communication from the President of the Federation of International Civil Servants' Associations asking to be allowed to speak on agenda item 121 (United Nations common system). He had further been informed that, taking account of the change in the composition of staff representation bodies since the adoption of the General Assembly resolution 35/213, on access by staff representative to the Fifth Committee, the Administrative Committee on Coordination, the Consultative Committee on Administrative Questions and the International Civil Service Commission had accorded the same right to the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System.

85. Pursuant to resolution 35/213, and taking account of the wish expressed by Member States to hear from staff representatives on the question of human resources management, he proposed that those requests should be granted.

86. Mr. ODAGA-JALOMAYO (Uganda) said that, while he did not oppose the proposal, it should be borne in mind that statements by staff representatives should be for the purpose of assisting the Committee in its work.

87. Mr. LOZINSKI (Russian Federation) said that he supported the position expressed by the representative of Uganda.

88. The CHAIRMAN said that he would communicate the observations made to those concerned. If he heard no objection, he would take it that, in accordance with the practice observed at previous sessions, the Committee agreed to grant their requests.

89. It was so decided.

The meeting rose at 12.40 p.m.